

# Demographic changes and health care costs in Minnesota

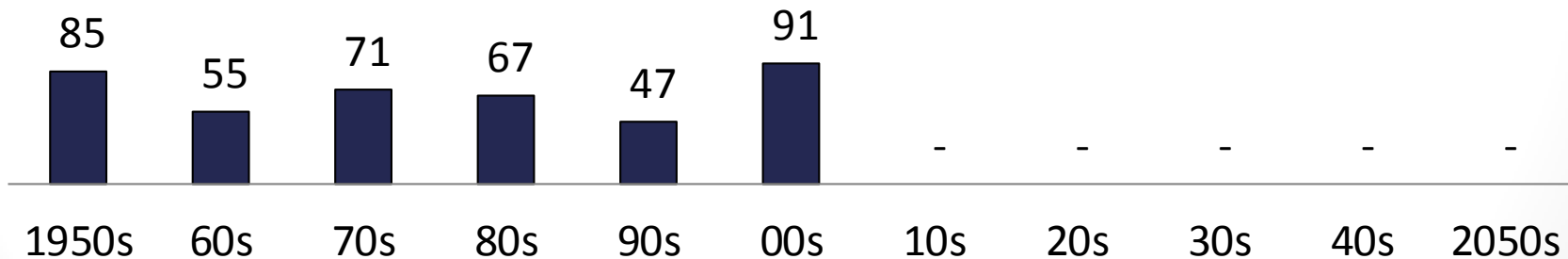
**HEALTH CARE COSTS LEGISLATIVE STUDY GROUP**

Susan Brower, Minnesota State Demographer

February 6, 2014

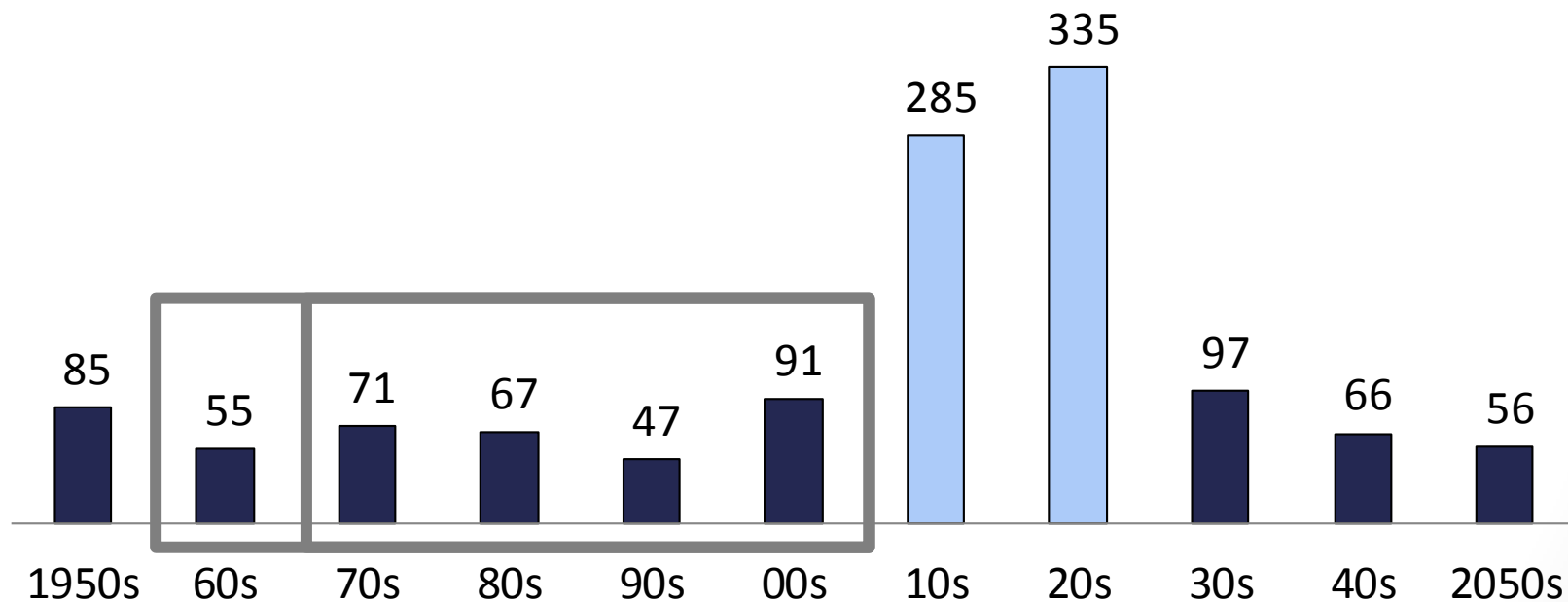
# How many additional “older adults” will Minnesota gain during this decade?

**Change in older adults, age 65+ (in thousands)**

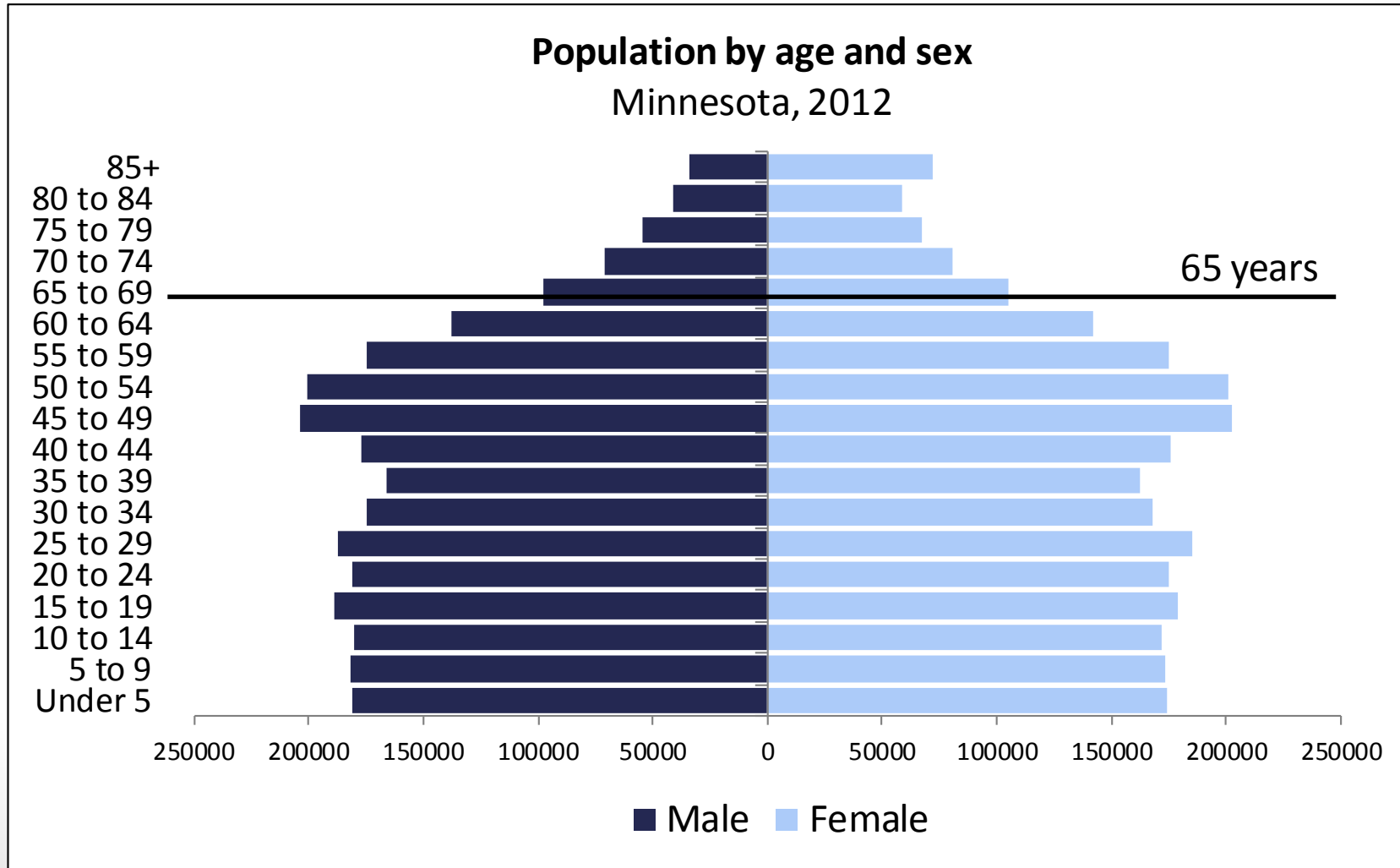


# Unprecedented increases in MN's older adult population

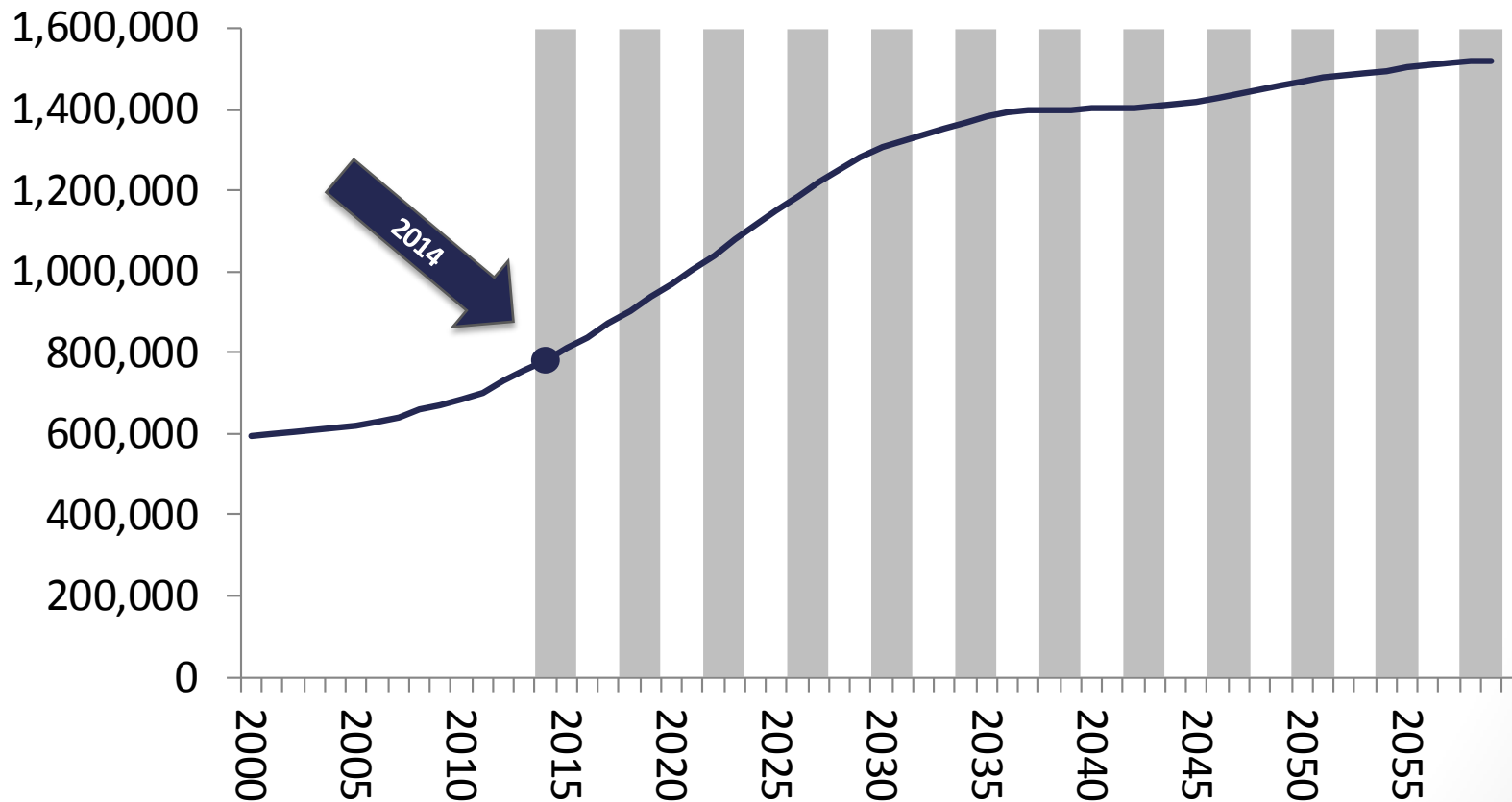
**Change in older adults, age 65+ (in thousands)**



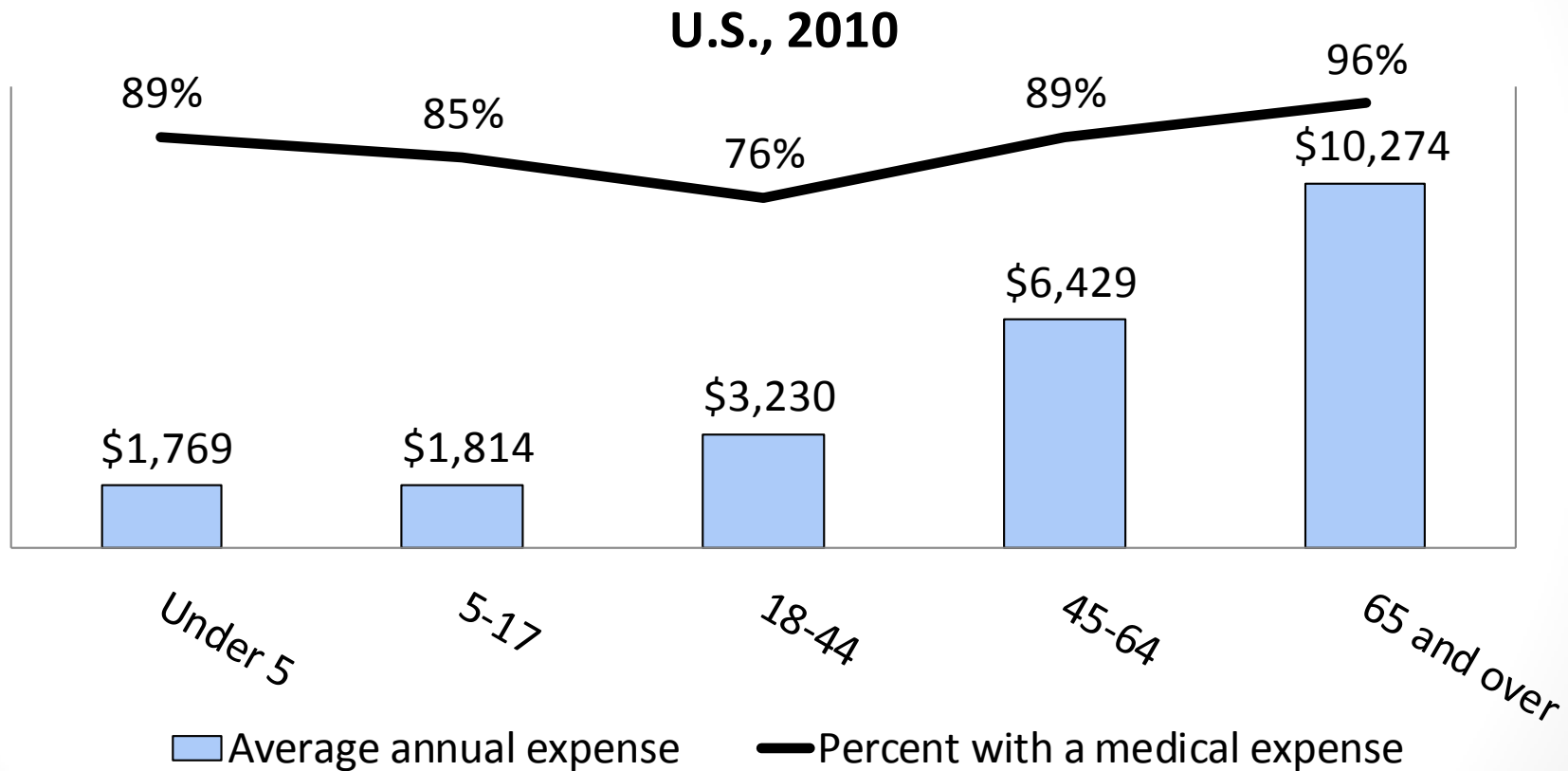
# Why are these changes so marked now?



# MN's total 65+ population overlaid on future biennia

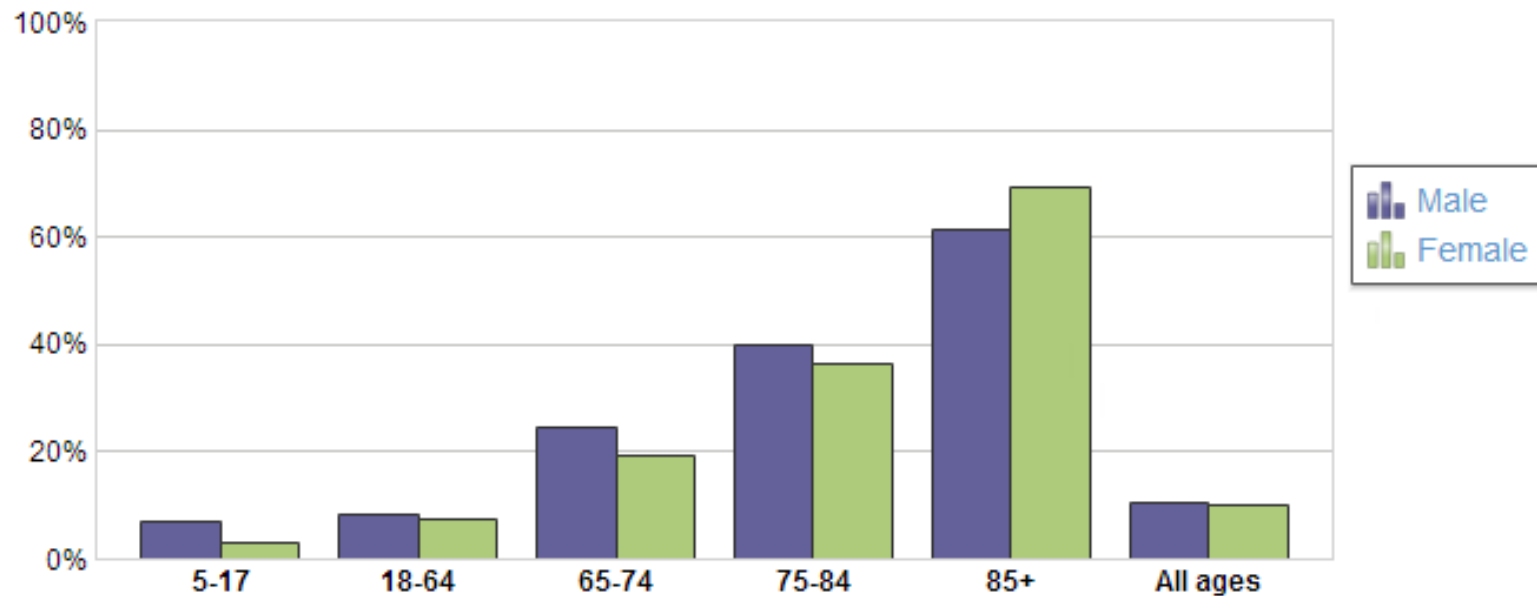


# Medical expenses rise considerably after age 65



# Aging brings higher rates of disability

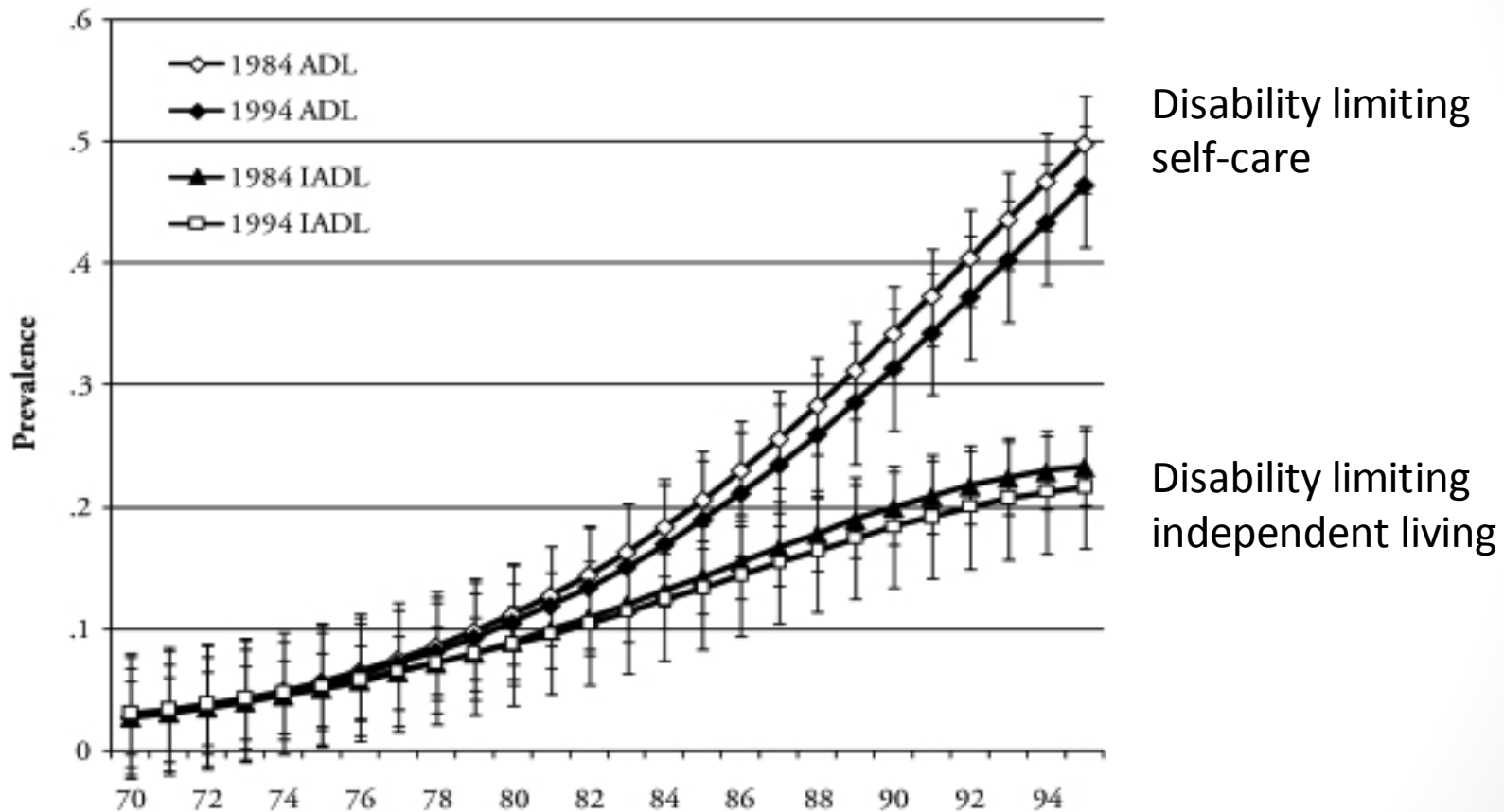
**Percent with a disability by gender and age**  
Minnesota, 2011



Source: U.S. Census Bureau, American Community Survey, via MNCompass.org.

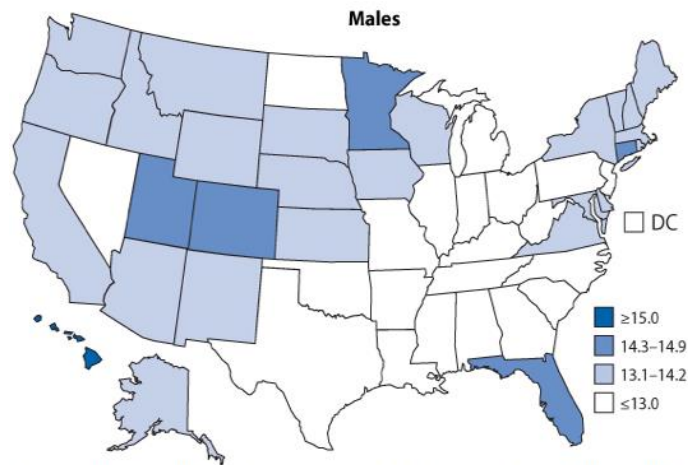
Note: Includes the civilian, non-institutionalized population with a serious difficulty in one or more of four basic areas of functioning: vision, hearing, ambulation, and cognition.

# Prevalence of disability has declined, but overall age pattern remains

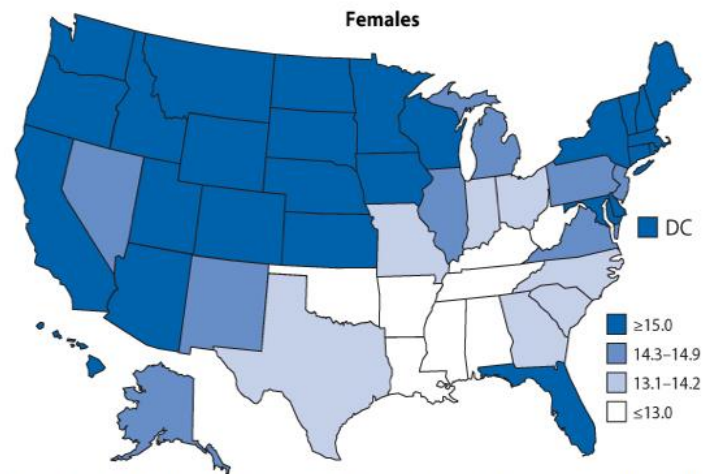




# Healthy life expectancy at age 65

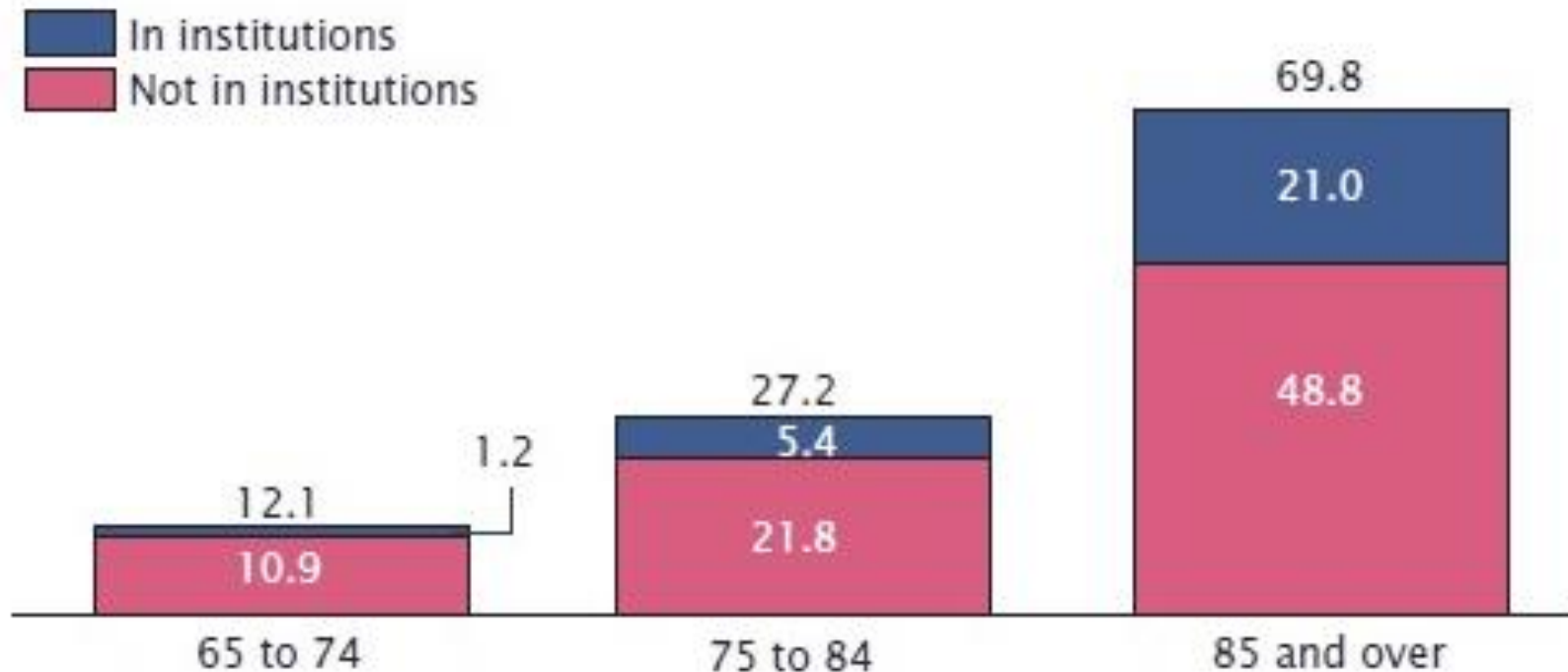


State-specific healthy life expectancy in years at age 65 years, Males — United States, 2007-2009

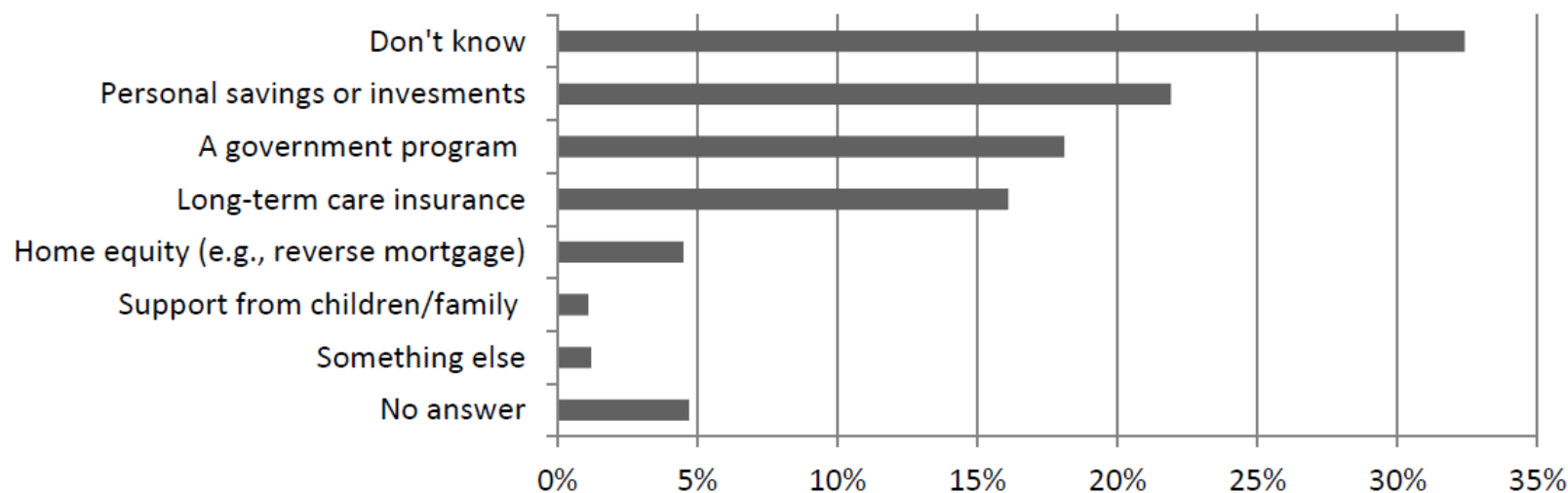


State-specific healthy life expectancy in years at age 65 years, Females — United States, 2007-2009

# Need for long-term care grows after 65; is substantial after age 85



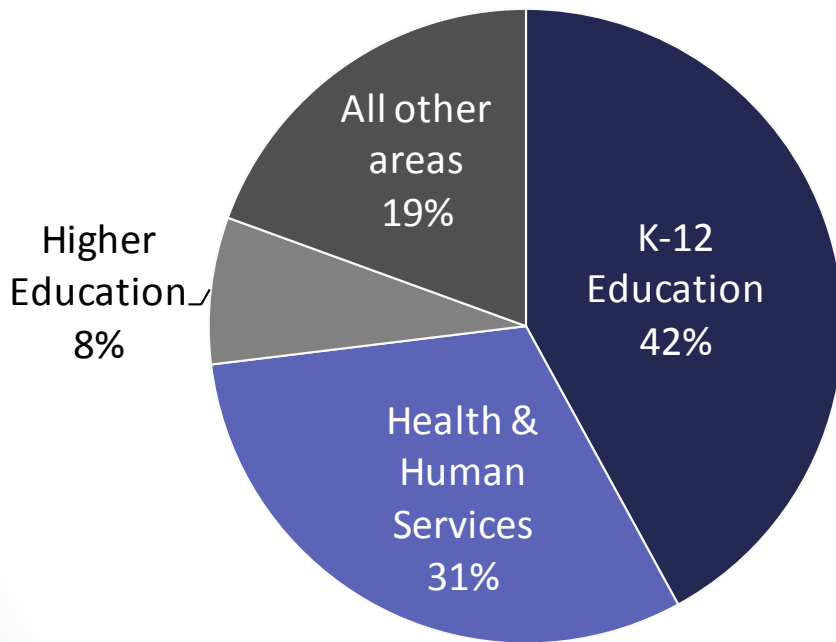
# Plans to pay for long-term care MN Baby Boomers, 2010



Source: Transform 2010 Survey, Minnesota Department of Human Services

# Increasingly our demographics will change demand for services

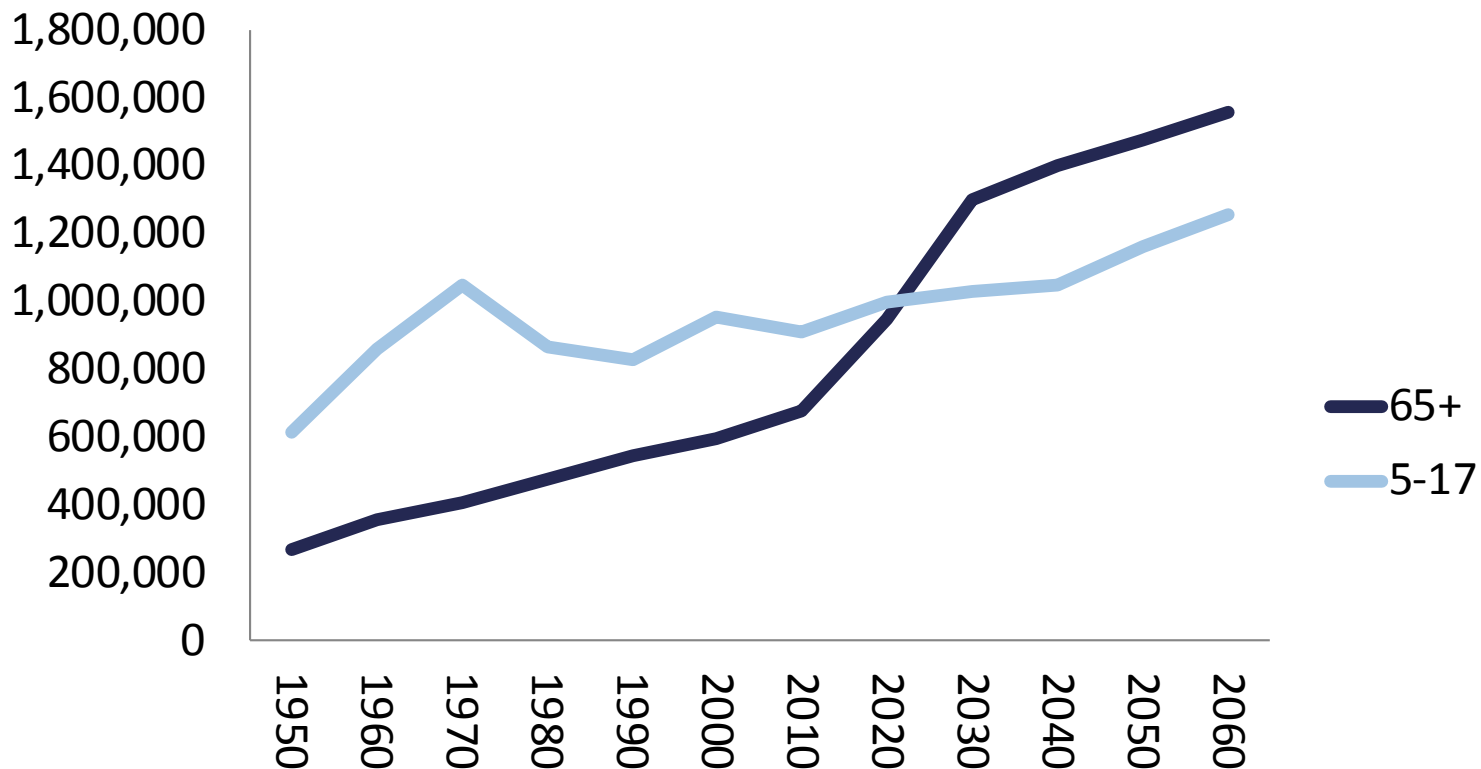
## General Fund Expenditures FY 2012-2013



## Within Health & Human Services

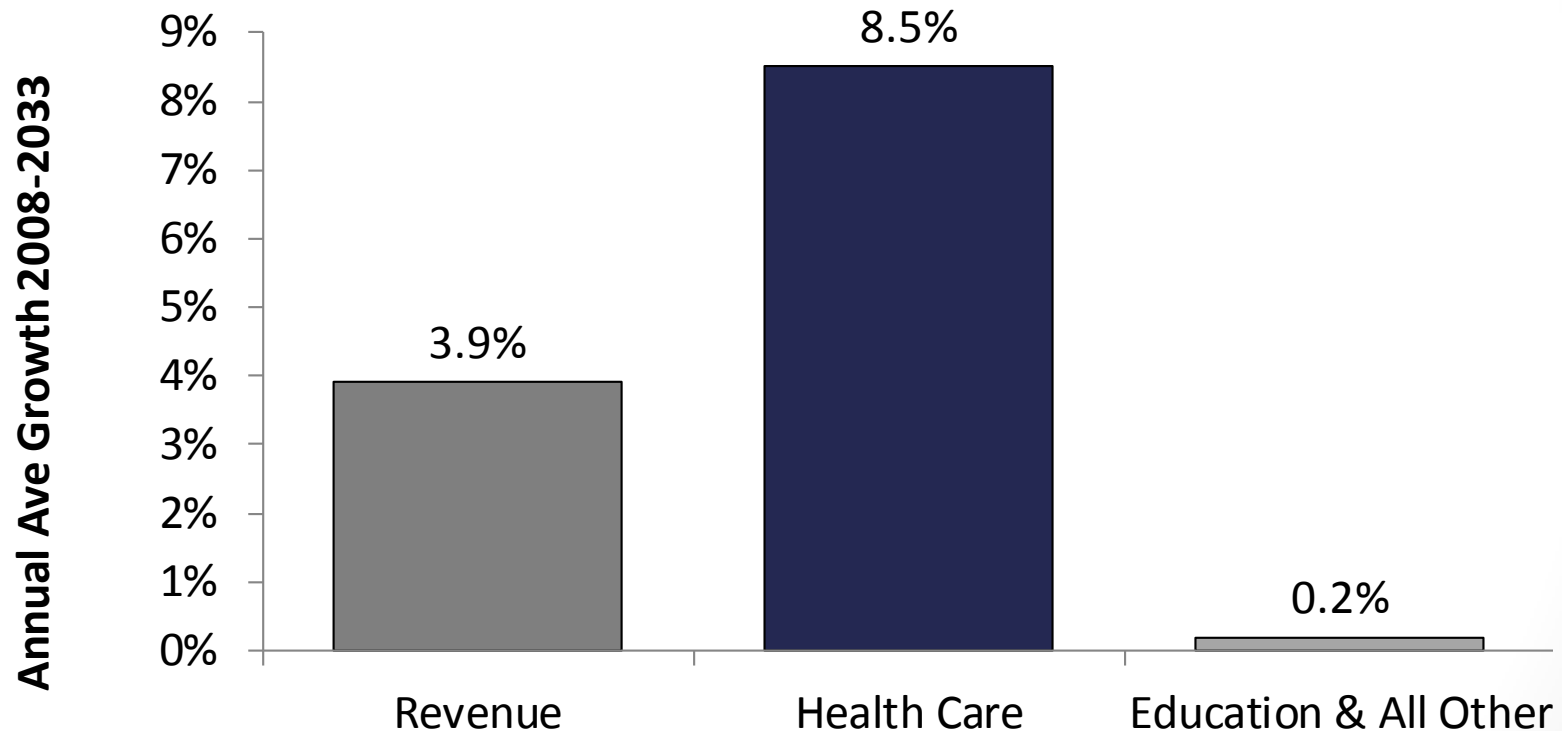
- Medical Assistance Expenditures: 25% of GF spending (8.5 billion)
- Medical Assistance Expenditures for the Elderly and Disabled: 16% of GF spending (5.5 billion)
- MA expenditures include basic care, long-term care waivers and long-term institutional care

# For the first time in MN history: More older adults than school-age



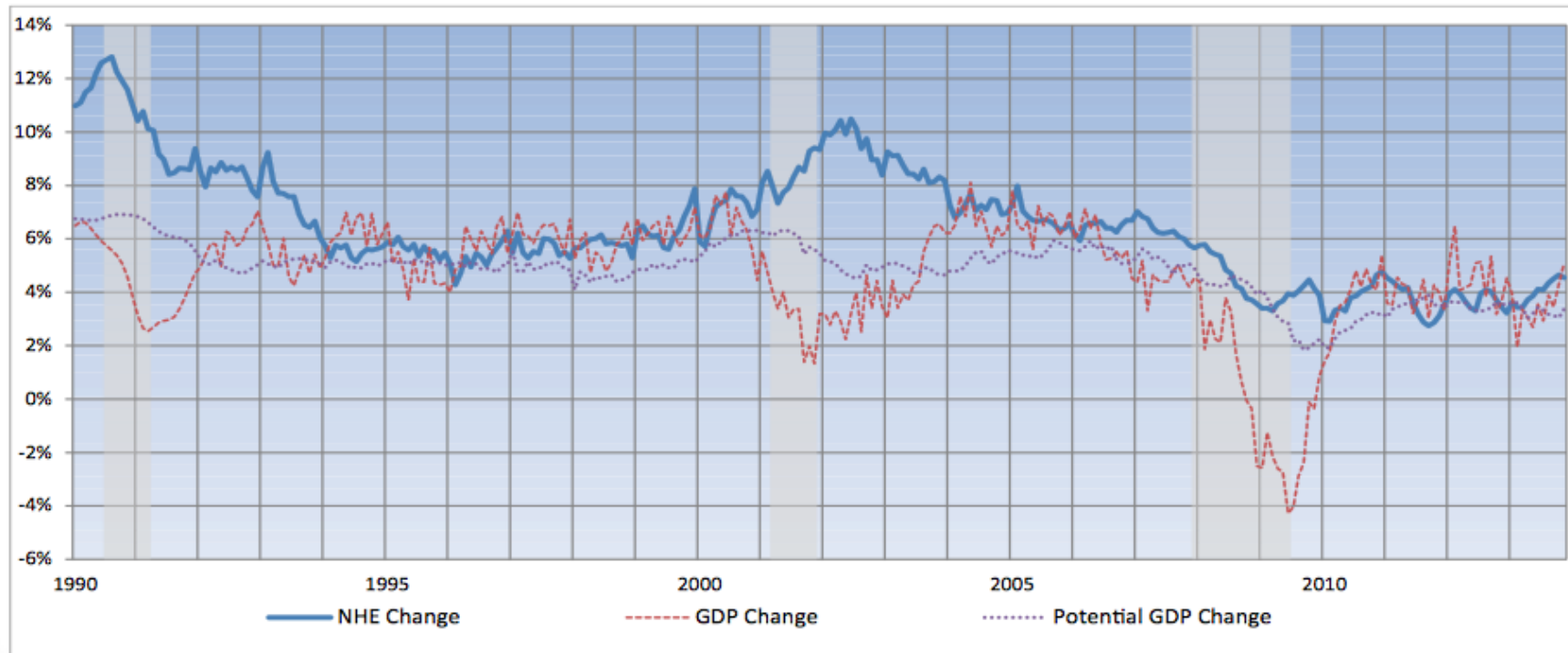
Sources: U.S. Census Bureau, decennial census, and Minnesota State Demographic Center projections

# If state health care costs continue unabated, other services crowded out



Source: General Fund Spending Outlook, presentation to the Budget Trends Commission, August 2008, Dybdal, Reitan and Broat.

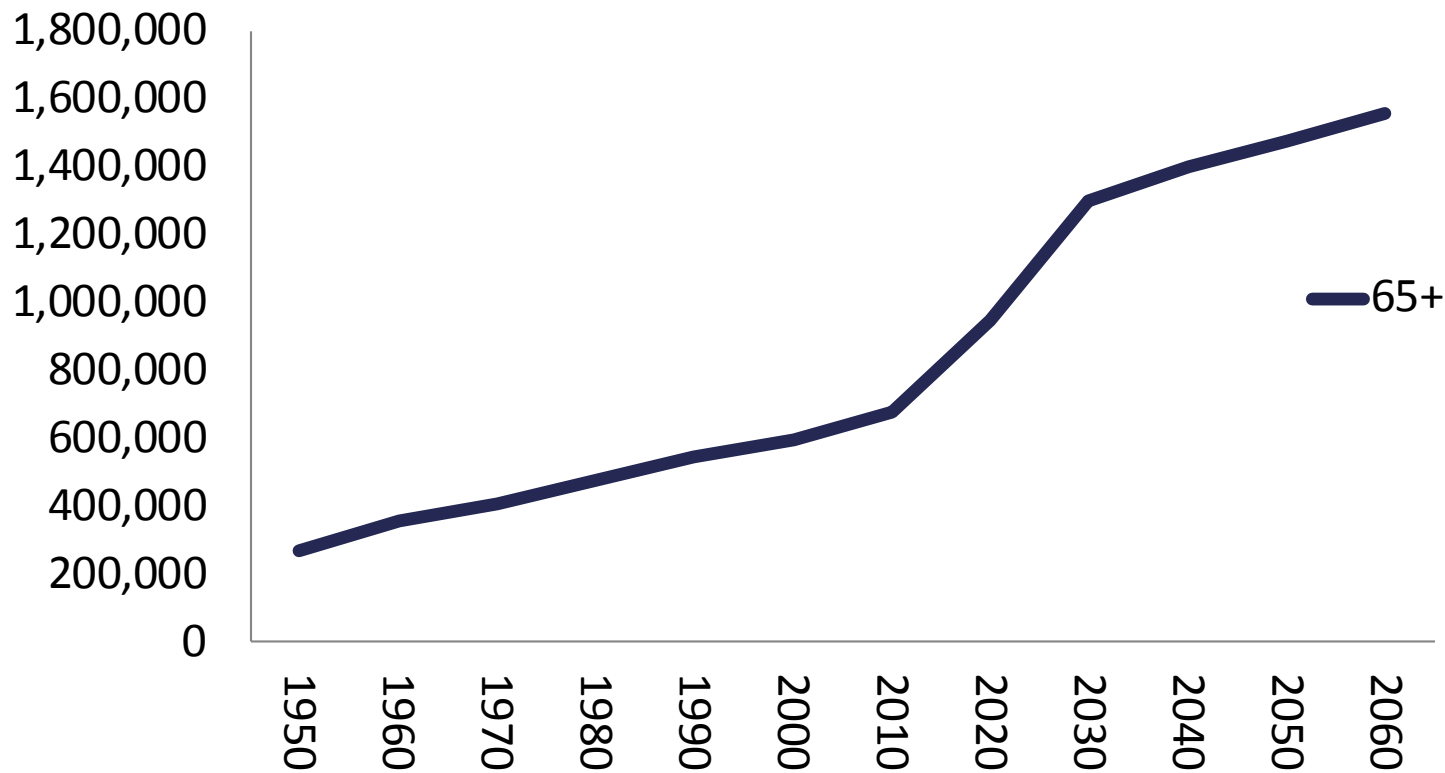
# Rate of national health expenditures (NHE) continues to grow, but at a slower rate than in 2008



Source: Altarum monthly NHE estimates; monthly GDP is from Macroeconomic Advisers and Altarum estimates

Note: Lightly shaded bars denote recession periods

# Budget Trends Commission's figures do not account for future increases in spending due to higher enrollment

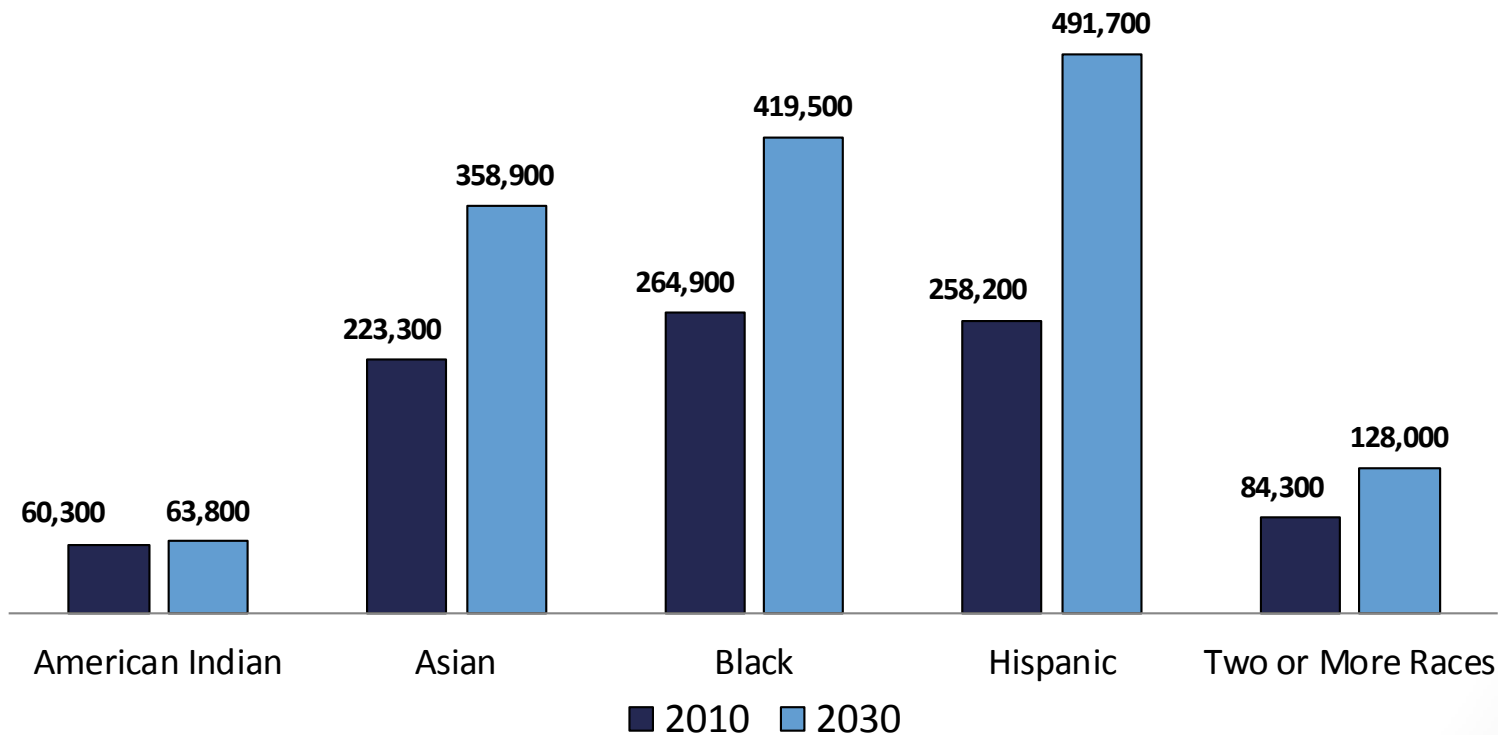




# Recap: Population aging will increase demand for health care

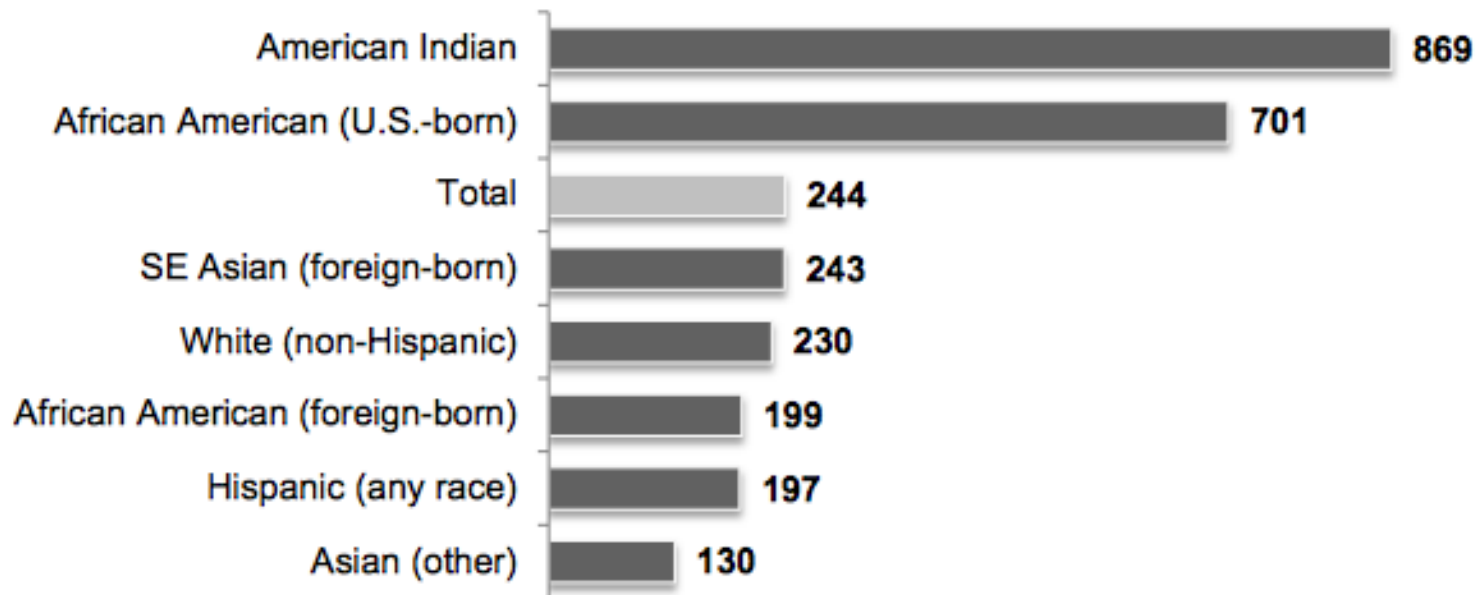
- Age brings predictable pattern in higher health care costs & long term care needs (at the population-level)
- Anticipated enrollment and spending pressures in public programs serving older adults, specifically 3 areas of Medical Assistance (MA):
  - Basic Care (as a supplement to Medicare)
  - Elderly Waiver
  - Nursing Facilities

# MN: Largest population growth among Asian, Black and Latino groups by 2030



Source: Minnesota State Demographic Center projections.

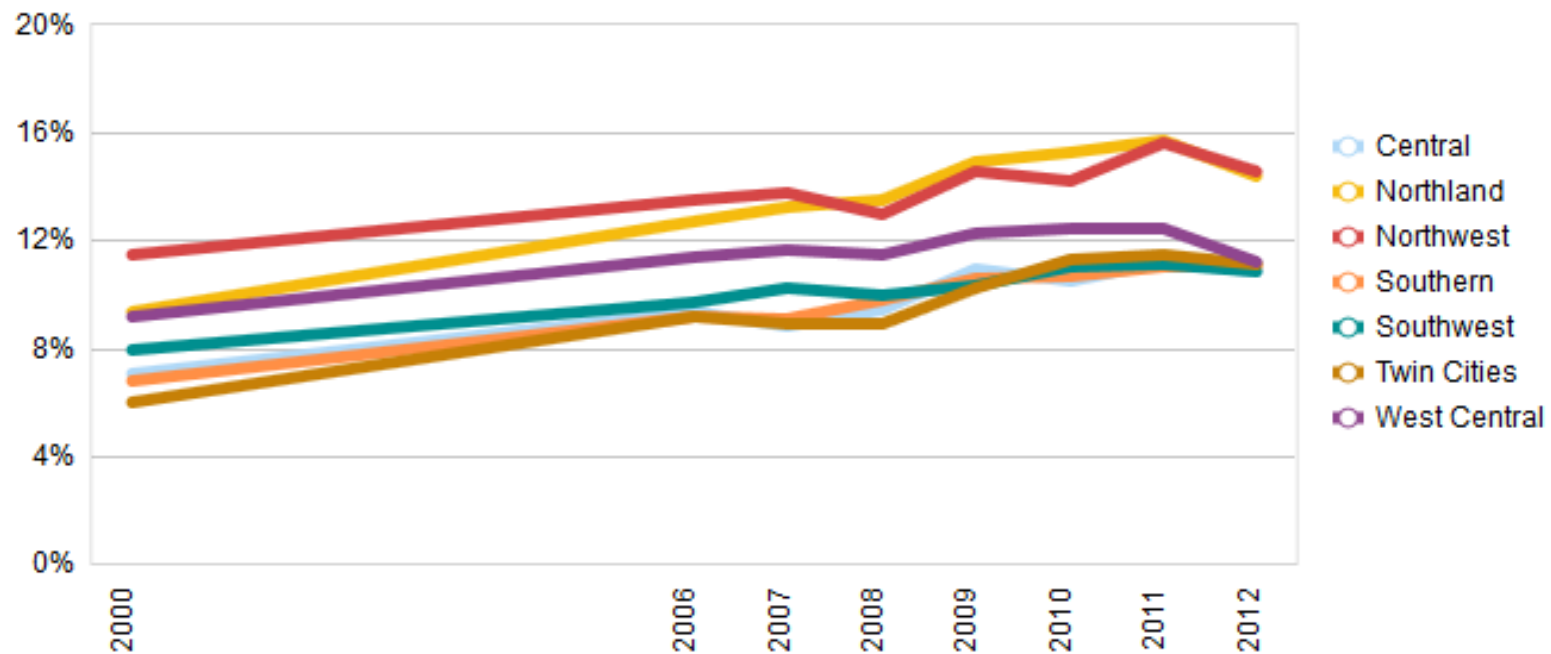
# Mortality highest for U.S.-born populations of color in Minnesota



\* Age-standardized deaths per 100,000, among the population age 25-64 during the years 2006-2008

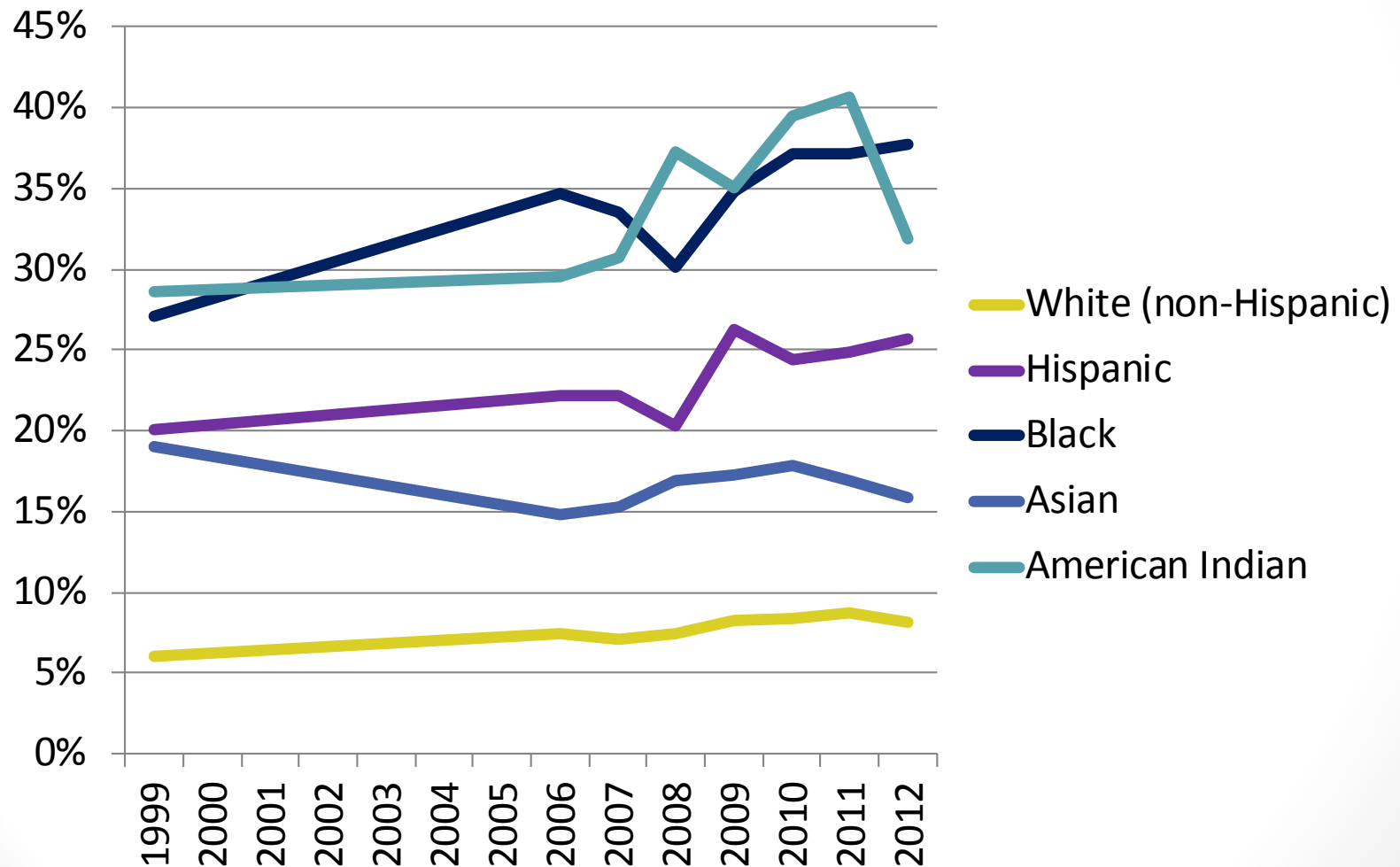
Source: Minnesota Department of Health (mortality rates calculated by Wilder Research)

# Poverty on the rise across MN since 2000

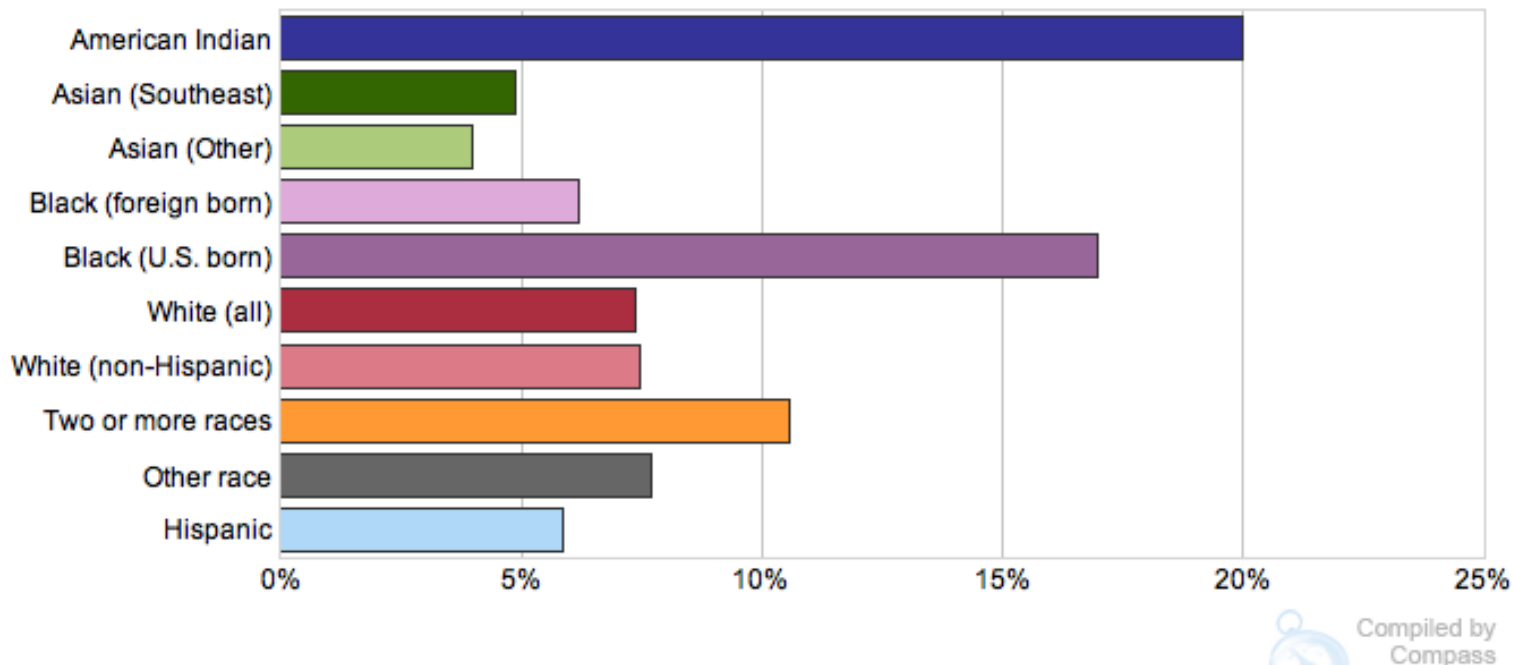


# Change in poverty rate by race

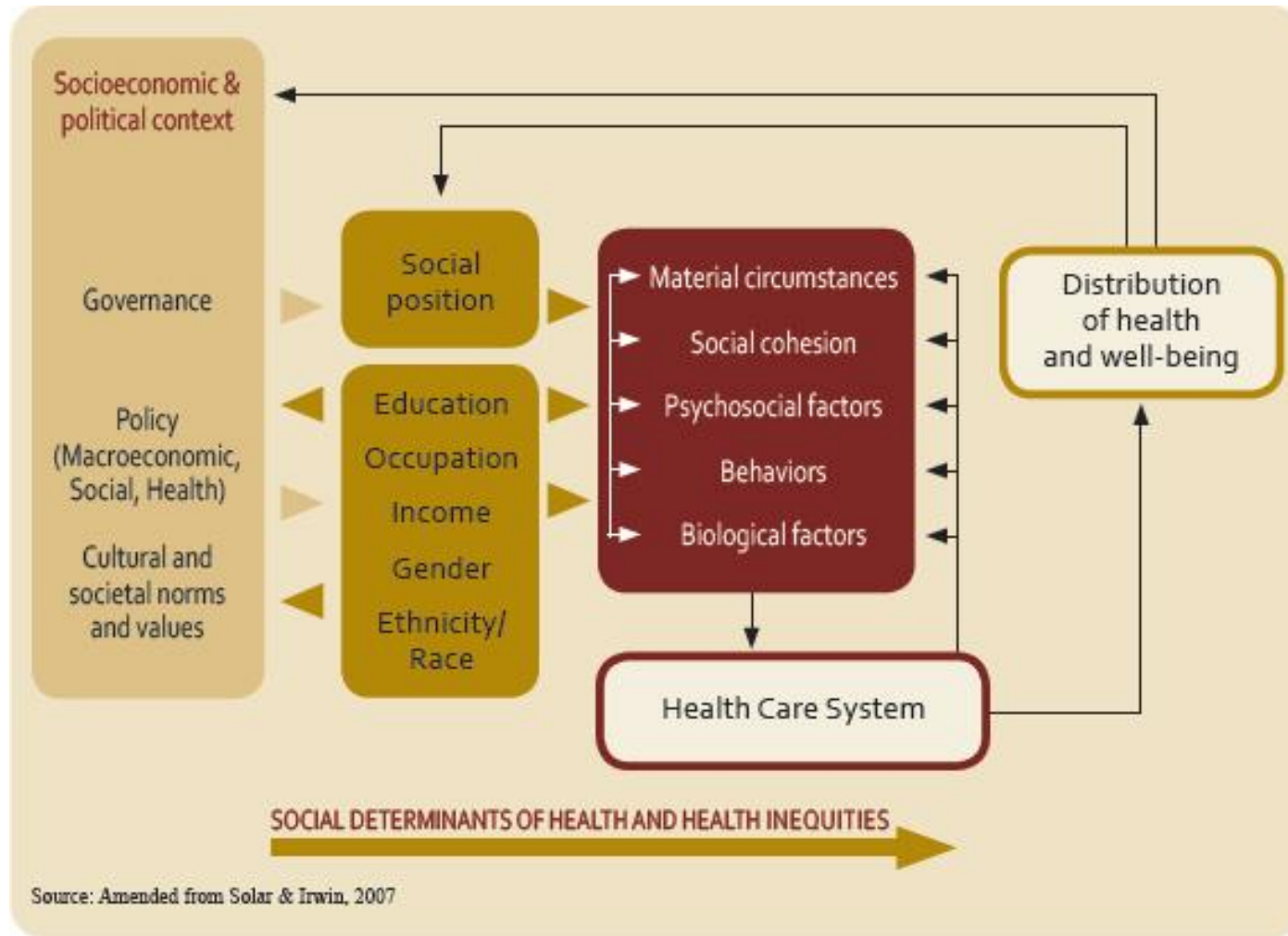
## Minnesota, 1999-2012



# Percent with a disability by racial and ethnic group, (age 16-64) Minnesota, 2011



# Complex causal pathways link race, income and health



# Recap: Race, economic well-being and health

- Race, economic well-being and health outcomes closely related
- Poverty and income inequality have increased over the past decade
- Persistent differences in health outcomes and economic well-being by racial groups





Contact info

Susan Brower

[susan.brower@state.mn.us](mailto:susan.brower@state.mn.us)

651.201.2472